

# Higher Education

Higher education plays a key role in the economic health and well-being of California. California's economy is increasingly dependent upon highly-trained scientists, well-educated professionals, and expert service providers. Using the Master Plan for Higher Education as a blueprint, the State's institutions of higher education—the University of California (UC), California State University (CSU), and the California Community Colleges (CCC)—offer educational opportunities to all who seek to prepare themselves for productive lives in California's workforce.

## Partnership Agreement

The Administration entered into a Partnership Agreement with UC and CSU that underscores the Administration's commitment to financial support and the segments' commitments to accountability. The Partnership supports the segments' efforts to maintain quality while planning for growth. Annual funding is contingent on progress by the segments in achieving their accountability goals and the availability of State revenues.

The Partnership's funding components consist of the following:

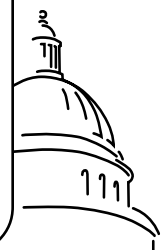
- ❖ An average annual increase of four percent to the prior year's state-funded base.
- ❖ Enrollment funding based on marginal cost formulas developed with the State.
- ❖ An additional one percent for core areas of the budget that have previously experienced shortfalls (building maintenance, instructional technology, instructional equipment replacement, and libraries).

- ❖ Funding for capital outlay debt service and annuitant health and dental benefits.
- ❖ Support for general obligation or lease-revenue bonds to fund capital outlay.
- ❖ One-time funding and funding for new or expanded initiatives that are important to the State as a whole, which may be provided above the funding in the Partnership, contingent on the State's fiscal situation.

Unavoidably, as a result of the slowing in the State's economy, both UC and CSU have had to share in the budget reductions necessitated by declining State revenues. Thus, the Budget does not propose to fully fund the Partnership for UC and CSU in 2002-03. However, the Administration expects to resume its commitment to the funding elements of the Partnership once the State's fiscal situation improves.

Nevertheless, the segments' commitment to the accountability measures under the Partnership continues. Both UC and CSU have met, and exceeded, their commitments under the Partnership Agreement.

Higher Education



## Student Fees

For the eighth consecutive year, there will be no increases to systemwide mandatory student fees. Current fee levels at UC and CSU continue to be moderate in comparison to similar institutions nationwide, and students will pay only a fraction of the total cost of their education. The majority of this cost is provided by the State. For UC, the 2002-03 average annual cost of education for an undergraduate, general campus student (using the methodology developed by the California Postsecondary Education Commission [CPEC]) is \$16,314; students pay \$3,429 (which excludes campus based fees), or approximately 21 percent, and the General Fund supports approximately 69 percent. For CSU, the average cost of education is \$10,550; students pay \$1,428 (which excludes campus-based fees), or approximately 13.3 percent of this total annually, and the General Fund supports approximately 80 percent. A variety of other funding sources make up the difference between student fees and General Fund support.

For the CCC, the General Fund and local property tax share is 94 percent of the \$4,678 cost of education. Community College students pay only 3.3 percent of the total cost. Regular enrollment fees remain at \$11 per credit unit—less than half that of the next lowest state in the nation and less than 20 percent of the national average.

New funding and program adjustments for each higher education segment are discussed below. Enrollments for 2002-03 are indicated in Figure HIED-1. Total funding levels (excluding capital outlay) are shown in Figure HIED-2.

## University of California

**General Fund Increases**—The Budget provides a total State General Fund increase of \$40.3 million—the net change after accounting for an increase of \$142.8 million toward the Partnership Agreement; a reduction of \$72.5 million associated with one-time funding provided in the 2001 Budget Act; and a reduction of \$30 million to address the current economic situation.

Figure HIED-1

	Higher Education Full-Time Equivalent Students									2002-03 vs. 2001-02
	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2001-02
University of California	152,050	154,141	155,387	157,811	161,400	165,900	171,270	181,031 <sup>1/</sup>	189,028	7,997
Undergraduate	(113,869)	(116,176)	(117,465)	(119,852)	(123,227)	(127,208)	(132,026)	(140,825)	(147,672)	(6,847)
Graduate	(25,546)	(25,346)	(25,318)	(25,682)	(25,629)	(26,114)	(26,666)	(27,940)	(29,090)	(1,150)
Health Sciences	(12,635)	(12,619)	(12,604)	(12,277)	(12,544)	(12,578)	(12,578)	(12,266)	(12,266)	0
California State University	247,113	253,376	262,428	267,984	273,928	281,782	290,554	305,854 <sup>2/</sup>	318,124	12,270
Undergraduate	(213,390)	(218,529)	(225,624)	(228,909)	(233,155)	(238,923)	(246,511)	(259,407)	(269,735)	(10,328)
Graduate/Post-baccalaureate	(33,723)	(34,847)	(36,804)	(39,075)	(40,773)	(42,859)	(44,043)	(46,447)	(48,389)	(1,942)
Community Colleges	854,831	870,720	902,839	925,328	961,609	998,297	1,031,206	1,062,142	1,094,006	31,864
Hastings	1,257	1,216	1,284	1,156	1,140	1,116	1,198	1,200	1,200	0
<b>Total Students</b>	<b>1,255,251</b>	<b>1,279,453</b>	<b>1,321,938</b>	<b>1,352,279</b>	<b>1,398,077</b>	<b>1,447,095</b>	<b>1,494,228</b>	<b>1,550,227</b>	<b>1,602,358</b>	<b>52,131</b>

<sup>1/</sup> Budgeted. Estimated enrollment is 184,456 for UC.

<sup>2/</sup> Budgeted. Estimated enrollment is 314,276 for CSU.



**Partnership Agreement**—The budget includes the following increases for the Partnership Agreement:

- ❖ \$47.5 million for a 1.5 percent increase to the University's State General Fund base.
- ❖ \$63.8 million for enrollment growth of 3.9 percent.
- ❖ \$8.4 million to fully fund state support for summer instruction at the Davis campus.
- ❖ \$14 million for annuitant health and dental benefits, consistent with the benefit costs for civil service annuitants.
- ❖ \$5.1 million for the increased cost of payments for lease-revenue bonds.
- ❖ \$4 million in one-time funds for UC Merced expenses associated with recruiting faculty in time for the fall 2004 opening date.

UC plans to use the additional General Fund, supplemented with additional UC income, to support costs associated with enrollment growth, employee merit increases, cost increases associated with non-salary budgets, fee waivers for teaching assistants consistent with collective bargaining agreements, and building maintenance for new space coming on line, as described in the following sections.

**Student Fees**—For the eighth year in a row, there is no increase in systemwide mandatory fee rates. UC's undergraduate fee level at \$3,859 compares favorably with the 2001-02 average of \$5,585 at four public institutions used for salary comparisons (see Figure HIED-3).

**Student Enrollment**—The Budget includes \$63.8 million to increase enrollments by 7,100 full-time equivalent students (FTES) in 2002-03, for a total budgeted General Campus and Health Sciences enrollment of 189,028, including state-funded summer enrollment at four campuses. UC plans to target growth of about 1,000 budgeted FTES in the fields of engineering and

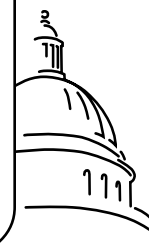
**Figure HIED-2**

**Higher Education Expenditures**  
**General Fund, Lottery Funds, State School Fund,**  
**Local Revenues and Student Fees**  
(Dollars in Millions)

	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	One-Year Change	
										Amount	Percent
University of California <sup>1/</sup>	\$2,668.6	\$2,769.2	\$2,963.9	\$3,096.9	\$3,480.6	\$3,694.6	\$4,228.0	\$4,440.2	\$4,486.2	\$46.0	1.0%
California State University <sup>1/</sup>	2,141.8	2,229.2	2,417.8	2,513.5	2,741.1	2,813.1	3,104.5	3,423.4	3,450.0	\$26.6	0.8%
Community Colleges	3,639.1	3,894.2	4,209.4	4,630.4	5,025.0	5,326.6	5,780.0	6,193.7	6,297.9	\$104.2	1.7%
Student Aid Commission	226.1	236.8	264.7	295.2	343.4	385.4	487.4	571.4	733.7	\$162.3	28.4%
Other Higher Education <sup>2/</sup>	156.9	156.3	190.2	181.1	180.4	205.4	223.9	240.7	274.3	\$33.6	14.0%
<b>Total Funds</b>	<b>\$8,832.5</b>	<b>\$9,285.7</b>	<b>\$10,046.0</b>	<b>\$10,717.1</b>	<b>\$11,770.5</b>	<b>\$12,425.1</b>	<b>\$13,823.8</b>	<b>\$14,869.4</b>	<b>\$15,242.1</b>	<b>\$372.7</b>	<b>2.5%</b>

<sup>1/</sup> For purposes of this table, expenditures for the UC and CSU have been adjusted to include the offsetting general purpose income. This provides consistency in comparing magnitudes and growth among the various segments of education.

<sup>2/</sup> The Other Higher Education amount includes Hastings College of the Law (HCL), the California Postsecondary Education Commission, and General Obligation Bond Interest and Redemptions for UC, CSU, and HCL.

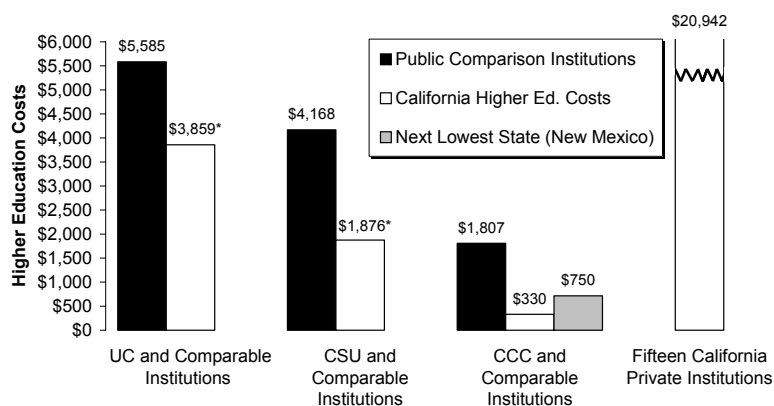


computer sciences. In 1997-98, the University embarked on an eight-year plan to increase enrollment in these fields to about 24,000 FTES by 2005-06. The University met this goal

enrollment (897 FTES) at the Davis campus (support for Berkeley, Los Angeles, and Santa Barbara campuses was provided in the 2001 Budget Act). Funding provided in the 2002-03 Budget is the next step in a multi-year plan to phase in state-supported summer instruction at all UC general campuses, with priority given to severely impacted campuses.

### HIED-3

**Fee Levels Remain Low at California's Public Higher Education Institutions Compared to Tuition Levels in Other States and California's Private Institutions**



\* Includes system wide fees and the average of campus-based fees.

**Employee Compensation**—Using available partnership funding, UC will engage in collective bargaining negotiations to determine appropriate adjustments to faculty and/or staff salaries.

**Price Increase**—UC plans to allocate \$16.8 million to offset the impact of inflation on its non-salary budget. This will assist the University in maintaining the purchasing power needed to buy commodities necessary for the operation of the campuses.

**General Fund Reductions**—In addition to continuation of several mid-year reductions in 2001-02, including \$25 million related to lower energy costs and a \$6 million reduction to the California Professional Development Institutes, UC's budget includes the following base reductions:

- ❖ \$17 million in excess financial aid funds provided in prior years when fees were at a higher level.
- ❖ \$4 million for the Subject Matter Projects.
- ❖ \$4.2 million for the outreach programs.

in 2001-02, four years ahead of schedule. However, given continuing demand from private industry for graduates in these disciplines, UC is continuing its strategy of targeting large enrollment increases in these areas. The Budget also assumes enrollment growth of 500 FTES associated with UC's plan to more than double the number of students who graduate with education credentials over the next several years. With this increase, education credential enrollment will grow to 2,396 FTES in 2002-03 from 1,000 FTES in 1998-99.

**Year-Round Operations**—The Budget includes \$8.4 million to fund, at the agreed-upon marginal cost of instruction, the full cost of existing summer



- ❖ \$4.8 million reduction for the K-12 Internet2 program.

### UC MERCED

The University is planning to open the Merced campus by fall 2004. This campus is needed to provide greater access to UC for students in the Central Valley and for the economic growth potential of the Central Valley. Previous planning had aimed at opening doors in Merced to the first on-campus students by 2005-06. The Governor has requested that State agencies and local governments work with UC officials to accelerate that opening by one year. In the meantime, UC is developing plans to begin offering for-credit courses to enrolled students before 2004-05.

The 2002-03 operating budget for Merced includes \$4 million in one-time funds for expenses associated with recruiting faculty in time for the accelerated opening date. The 2002-03 Budget also includes \$566,000 for working drawings for phase 3 of the campus infrastructure. In addition to funding proposed for the budget year, a total of \$43.2 million in lease-revenue bond funding is proposed for 2001-02 to accelerate projects that had been previously scheduled for 2002-03 and beyond. Funds for Merced accelerated into 2001-02 will be used for design and construction of the second phase of infrastructure and for construction of the Classroom and Office Building.

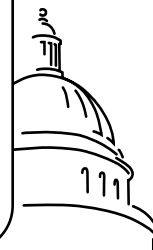
### CAPITAL OUTLAY

In addition to funding for the California Institutes for Science and Innovation and the Merced campus described above, the Governor's Budget includes \$85.3 million for 14 new and 5 continuing projects at the 9 existing campuses. The total includes \$8 million Higher Education Capital Outlay Bond Fund of 1998 (Proposition 1A), and \$74 million in proposed GO bonds to be placed on the November 2002 ballot. The remaining funding consists of \$356,000 General Fund for a seismic project and \$3 million Water Bond for a research and teaching facility to study North Delta watersheds.

The Budget proposes projects to address three primary areas: replacement of aging facilities, renovations to address fire, life and safety, and seismic concerns, and new facilities to accommodate enrollment growth.

In addition, the Administration is proposing legislation to appropriate \$335.2 million Public Buildings Construction Fund through lease-revenue bonds to offset General Fund costs in the current year, including \$308 million for the California Institutes of Science and Innovation as discussed below.

The Administration is proposing an additional \$279 million Public Building Construction Fund as part of its Economic Stimulus Package to accelerate seven projects to provide additional jobs and service opportunities in California. The package includes funding for



Veterinary Medicine 3A at the Davis campus, Natural Sciences Unit 2 at the Irvine campus, Engineering Building Unit 3B at the San Diego campus, Life Sciences Building at the Santa Barbara campus, and Engineering Building at the Santa Cruz campus. Acceleration of these projects will help boost the State's economic recovery by creating jobs in the construction sector.

#### RESEARCH

The California Master Plan for Higher Education designates UC as the primary State-supported academic agency for research. Industry depends heavily on university-based research. This research provides the foundation of knowledge and scientific advancement through which new industries are born and expanded, sparking economic growth that benefits the entire State. Investment in research and development and the creation of a highly educated workforce have become statewide imperatives, as a result of the emergence of knowledge-based industries and the globalization of California's economy. Recognizing the importance of research, the current level of funding for this function remains intact in the Budget.

**California Institutes for Science and Innovation**—The 2000-01 Budget included the initial installment of a commitment to provide UC with \$75 million a year for four years to develop three world-class centers for cutting-edge research in science and technology. Funding to begin a fourth

institute was provided in 2001-02. State funds are to be matched on a two-to-one basis from non-state funds. Including 2002-03 funding, a total of \$256 million has been budgeted for the Science Institutes, of which \$84.8 million is from the General Fund and \$180.2 million is from lease-revenue bonds.

The Administration proposes to shift the fund source for the Science Institutes from General Fund to State lease-revenue bonds. The Budget proposes to shift \$90 million of the 2001-02 appropriation and \$218.5 million of the next two years' appropriations to State lease-revenue bonds, for a total of \$308.5 million.

The Science Institutes position California both to maintain its premier standing in science and technology, and build the technological foundation for future competitiveness and economic growth, by drawing the best UC scientists, engineers, and students together in defining the critical frontiers of communications, information technology, health sciences, and the emerging field of nanosciences. They are designed to foster discovery in areas where the complexity of problems requires the scope, scale, duration, equipment, and facilities that only a comprehensive center can provide. The Science Institutes will operate in a public-private partnership that promotes innovative research and fosters a remarkable new education environment for students who will become our next generation of scientists and technological leaders.



The following four institutes are already underway:

- ❖ The California NanoSystems Institute, at UCLA in collaboration with UC Santa Barbara, will enable design and construction of functional devices and materials with components that measure no more than a billionth of a meter.
- ❖ The California Institute for Telecommunications and Information Technology, at UC San Diego in collaboration with UC Irvine, will develop innovative new materials and devices and radically expand the capacities of communications and information infrastructures. Sweeping changes in the structure and scale of Internet telecommunications are expected to occur over the next decade.
- ❖ The California Institute for Bioengineering, Biotechnology and Quantitative Biomedicine, at UC San Francisco in collaboration with UC Berkeley and UC Santa Cruz, is bringing together scientists in biomedical research, engineering, and physical sciences to seek breakthroughs in diagnosis, treatment, and prevention of disease.
- ❖ The Center for Information Technology Research in the Interest of Society at UC Berkeley, in collaboration with UC Davis, UC Merced, and UC Santa Cruz, is designing large-scale information technology solutions to social and commercial problems, including design and

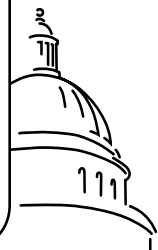
implementation of “Smart Classrooms” for enhanced education and training; “Smart Buildings” that adapt to their inhabitants; information sensors that will be installed throughout the civil infrastructure to provide data for transportation management, disaster response, seismic planning, and environmental monitoring; and a medical alert network to monitor and treat individuals.

## California State University

**General Fund Increases**—The Budget provides a total State General Fund increase of \$28.1 million, the net change after accounting for an increase toward the Partnership Agreement of \$117.9 million; a reduction of \$18.9 million associated with one-time funds provided in the 2001 Budget Act; \$35.8 million in 2000-01 carryover funds; a \$9.1 million reduction in the costs of lease purchase bonds; and a \$26 million reduction to address the current economic situation.

**Partnership Agreement**—Increases for the Partnership Agreement include the following:

- ❖ \$37.7 million for a 1.5 percent increase to the University’s State General Fund base.
- ❖ \$78.1 million for enrollment growth of 4 percent.
- ❖ \$1.1 million to fully fund year-round instruction at the Chico campus.



- ❖ \$1 million for annuitant dental benefits, consistent with the benefit costs for civil service annuitants.

CSU plans to use the additional General Fund resources and \$20.9 million in increased fee revenue from enrollment growth to fund costs associated with enrollment, employee compensation, operating costs, technology infrastructure equipment, new space and property insurance, health premium increases, and strategic academic programs.

**Student Fees**—For the eighth year in a row, there is no increase in systemwide mandatory fees. CSU's undergraduate fee level of \$1,834 compares favorably with the 2001-02 average of \$4,168 at 15 public institutions used for salary comparisons (see Figure HIED-3).

**Student Enrollment**—The Budget provides CSU with \$78.1 million to increase enrollments by 4 percent (12,270 full-time equivalent students [FTES]) in 2002-03, for a total of 318,124 FTES (including 240 summer FTES; see Year Round Instruction below).

**Year-Round Instruction**—The Budget includes \$1.1 million to convert the Chico campus (a total of 240 FTES) to year-round instruction. Ten campuses have already been converted through funding provided in the 2001 Budget Act. As additional campuses approach capacity, funding will be provided to allow them to provide year-round instruction.

**Employee Compensation**—Using available partnership funding, CSU will engage in collective bargaining negotiations to determine appropriate adjustments to faculty and/or staff salaries.

**General Fund Reductions**—In addition to the continuation of a \$20 million mid-year reduction in 2001-02, related to lower energy costs, CSU's budget includes the following base reductions:

- ❖ \$6.5 million for the Education Technology Professional Development Program.
- ❖ \$14.5 million in excess financial aid funds provided in prior years when fees were at a higher level.
- ❖ \$5 million reduction for the Cal-Teach Teacher Recruitment Program.

## California Community Colleges

The Budget proposes nearly \$6.3 billion in total funding for the California Community Colleges (CCC), reflecting a \$104.2 million or 1.7 percent increase over the \$6.2 billion provided in 2001-02. This funding increase provides the resources for districts to address the following priorities:

- ❖ Expansion of access to meet the expected college population demand.
- ❖ Promotion of efficient transfer between all campuses and four-year segments.





**Figure HIED-4****Significant Revenue Sources for Community Colleges**

(Dollars in Millions)

Source of Funds	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	Change From 2001-02	
											Dollars	Percent
State General Fund	\$1,279.2	\$1,342.7	\$1,600.3	\$1,872.5	\$2,108.3	\$2,259.7	\$2,551.5	\$2,803.4	\$2,978.7	\$2,918.8	-\$59.9	-2.0%
Lottery Fund	94.2	100.7	107.4	95.4	108.7	117.8	126.2	121.0	138.1	138.1	\$0.0	0.0%
Local Property Taxes	1,278.5	1,332.0	1,348.1	1,335.7	1,422.7	1,487.7	1,585.3	1,711.5	1,855.3	2,001.9	\$146.6	7.9%
Student Fees	186.9	174.9	166.9	163.5	166.5	160.2	155.2	154.7	162.4	167.3	\$4.9	3.0%
Other State Funds	5.5	7.3	7.3	6.5	7.4	7.3	10.0	12.4	11.9	9.1	-\$2.8	-23.6%
Federal Funds	136.3	146.1	143.7	142.1	150.0	160.8	185.5	201.7	216.2	219.4	\$3.2	1.5%
Local Miscellaneous	554.4	533.8	516.9	590.7	662.6	827.2	708.2	770.2	825.6	837.8	\$12.2	1.5%
Local Debt Service	2.8	1.7	3.6	3.1	4.2	4.4	4.6	5.0	5.4	5.5	\$0.1	1.5%
<b>TOTAL REVENUE</b>	<b>\$3,537.9</b>	<b>\$3,639.1</b>	<b>\$3,894.2</b>	<b>\$4,209.4</b>	<b>\$4,630.4</b>	<b>\$5,025.0</b>	<b>\$5,326.6</b>	<b>\$5,780.0</b>	<b>\$6,193.7</b>	<b>\$6,297.9</b>	<b>\$104.2</b>	<b>1.7%</b>

- ❖ Maintenance and upgrading of the colleges' physical plant and instructional equipment.

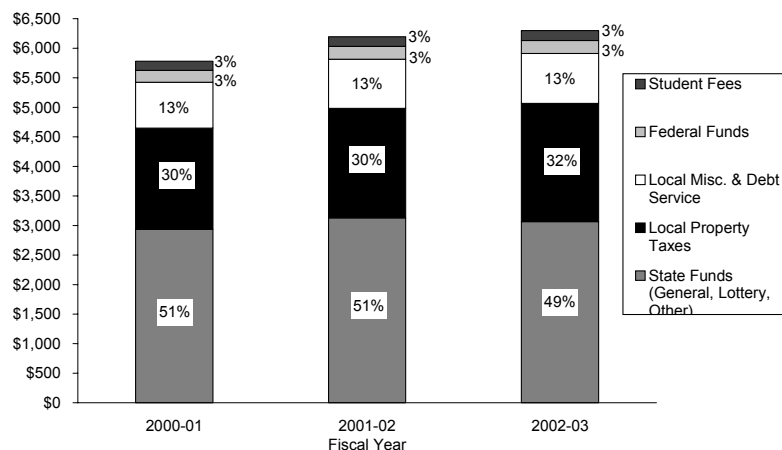
To accomplish these objectives, the Budget also ensures the CCCs continue to be the most affordable higher education system in the nation, regardless of income level. Student fees will remain at \$11 per credit unit, the lowest in the nation. Figure HIED-3 compares California's annual enrollment fees to fees nationwide for 2001-02. The chart shows that the national average for student fees at community colleges is over five times the fees paid in California. Additionally, the Budget includes funds to offset the associated fees waived for all low-income students.

Figure HIED-4 shows total funding for the CCC in 2002-03.

Figure HIED-5 shows the funding sources and their proportions from 2000-01 through 2002-03.

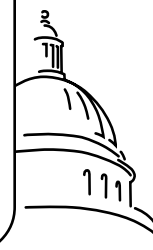
**HIED-5****Revenue Source for Community Colleges**

(Dollars in Millions)



**Major Local Assistance Augmentations**—The Budget proposes the following increases for the general apportionment and other CCC programs for 2002-03:

- ❖ **Growth**—\$118.7 million for a 3 percent growth in enrollment for apportionments and categorical



programs. This level exceeds the 1.94 percent change in adult population, the current statutory index for system growth. This growth funding will support an additional 31,864 FTES, bringing the estimated FTES level to 1,094,006.

- ❖ **COLA**—\$88.8 million for a 2.15 percent COLA to fully fund cost-of-living increases for both general purpose funds and categorical programs.
- ❖ **Instructional Equipment and Library Materials Replacement**—\$34 million for a total of \$49 million to assist CCCs with replacing worn out, obsolete, or inadequate equipment and instructional materials. These funds would be matched at the current rate of one local dollar for every three state dollars provided. This augmentation fully restores the prior funding level.
- ❖ **Scheduled Maintenance and Special Repairs**—\$32 million for a total of \$49 million to augment resources available for scheduled maintenance and special repairs, hazardous substances removal, and Americans with Disabilities Act compliance projects. These funds would be matched at the current rate of one local dollar for every state dollar provided. This augmentation fully restores the prior funding level.



**Local Assistance Reductions**—In addition to the continuation of a \$5 million mid-year reduction in 2001-02 related to the Teacher and Reading Development Program, the Budget proposes the following reductions to other categorical programs for 2002-03:

- ❖ **Special Services for CalWORKs Recipients**—\$58 million as part of the statewide CalWORKs funding reduction as the State has sufficient funds to meet the federal maintenance-of-effort requirement for federal Temporary Aid for Needy Families funds. Many of these services can still be provided through the CCC general apportionment or through direct contracts between counties and CCC using county CalWORKs funding.
- ❖ **Matriculation**—\$26.8 million due to State fiscal constraints. Activities funded through matriculation (e.g. student orientation, assessment, and course counseling) are also provided through the colleges' general apportionment. This reduction should not lead to the elimination of existing services, as Partnership for Excellence funding should be used as necessary to maintain essential services.
- ❖ **Fund for Student Success**—\$10 million, recognizing that the objective of short-term grants provided by this program duplicates the goals of the Partnership for Excellence program, but does not contain the same level of accountability.

❖ **Telecommunication and Technology Infrastructure Program**—\$19.8 million related to training and local improvements that can be provided through other fund sources. Base funding for statewide technology improvements, linkages, and partnerships remains unchanged.

❖ **Economic Development Program**—\$9.9 million, with \$1 million to discontinue funding for nursing curriculum development, a one-time activity funded in the current year. The remaining reductions, primarily to areas that provide limited direct services to students, are proposed due to the State's fiscal constraints.

❖ **Faculty and Staff Development**—\$5.2 million to eliminate the Faculty and Staff Development program. The existing program augments training activities provided through the general apportionment and Partnership for Excellence funding. However, there is no meaningful accountability for results from the program.

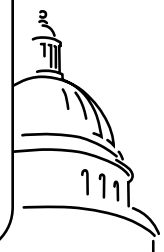
**State Operations Adjustments**—The Budget proposes a net reduction of \$842,000 General Fund to the California Community Colleges Chancellor's Office for 2002-03 reflecting the following:

❖ **Augmentations**—\$140,000 General Fund to extend two limited-term positions for the Partnership for Excellence program through the 2004-05 fiscal year to ensure the

evaluation and production of reports related to the effectiveness of this program; and \$218,000 General Fund to cover full-year costs related to expansion of the headquarters of the Chancellor's Office.

❖ **Reductions**—\$1.2 million to eliminate 15.5 positions in the following areas: (1) state operations reductions correlated with local assistance reductions (\$420,000 and 6.5 positions), (2) temporary help and other positions not linked to any categorical program (\$483,000 and 9.0 positions), and (3) contracts, travel, and other operating expenses (\$297,000).

**Capital Outlay**—The Budget proposes \$339.8 million from a combination of proposed general obligation bonds and lease-revenue bonds to fund 67 projects at 56 campuses. Funding includes \$166.4 million for the continuing phases of 64 projects at 53 campuses, and \$3 million to begin 3 new fire, life safety projects at 3 campuses. Included in this amount is funding for the initial project planning phases and continuation of the subsequent project phases for 31 additional projects authorized by Chapter 891, Statutes of 2001 (SB 735). In addition, \$170.4 million of Public Buildings Construction Fund lease-revenue bonds will be proposed as part of the Administration's Economic Stimulus Package to accelerate projects to provide additional jobs and service opportunities in California.



## Financial Aid and Outreach Programs

The Budget ensures access to higher education for all meritorious students regardless of family resources, and continues the Administration's commitment to providing special programs geared toward students who choose teaching as a career. Financial aid grants from the General Fund and new fee revenue will increase by \$136.7 million over 2001-02 (see Figure HIED-6). In addition to these funds, students may access a variety of grants, loans, and work-study programs through federal, private, and other sources. Over 70 percent of UC students and over 58 percent of CSU students currently receive financial aid.

**Cal Grant Expansion**—Chapter 403, Statutes of 2000, enacted the single largest expansion of financial aid in California history, underscoring the

Administration's commitment to ensuring access to higher education. Students who apply within one year of high school graduation, are financially needy, and have a grade point average of 3.0 or above are entitled to a Cal Grant A tuition award for an amount equal to the mandatory systemwide fees at UC or CSU or up to \$9,708 at a private institution. Students who apply within one year of high school graduation, are financially needy, and have a grade point average of 2.0 or above are entitled to a Cal Grant B subsistence award of up to \$1,551 annually for up to four years, along with a tuition award in years two through four. Cal Grant C awards of up to \$2,592 for tuition and fees plus up to \$576 for training-related costs will continue to provide educational opportunities to students who choose short-term occupational or training programs. Cal Grant T awards in an amount equal to the mandatory systemwide fees at UC or CSU, or up to

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### Financial Aid Grants General Fund and Fee Revenue Funded (Dollars in Thousands)

Institution/Fund Source	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
University of California <sup>1/</sup>	\$176,531	\$180,700	\$195,481	\$196,427	\$212,299	\$226,864	\$234,054	\$240,498	\$223,498
General Fund	53,743	62,644	62,260	60,251	69,228	85,563	85,563	85,563	68,563
Fee Revenue	122,788	118,056	133,221	136,176	143,071	141,301	148,491	154,935	154,935
California State University <sup>1/, 2/</sup>	<u>109,042</u>	<u>110,047</u>	<u>114,588</u>	<u>115,974</u>	<u>120,527</u>	<u>127,386</u>	<u>131,618</u>	<u>135,563</u>	<u>121,063</u>
General Fund	47,680	47,659	47,684	48,417	54,180	65,647	65,647	65,647	51,147
Fee Revenue	61,362	62,388	66,904	67,557	66,347	61,739	65,971	69,916	69,916
Community Colleges <sup>1/</sup>									
General Fund	89,551	94,050	100,486	101,636	95,275	85,928	86,706	91,041	93,772
Student Aid Commission <sup>1/</sup>									
General Fund	222,878	230,523	257,670	282,228	334,795	376,850	473,546	555,980	721,488
<b>Total</b>	<b>\$598,002</b>	<b>\$615,320</b>	<b>\$668,225</b>	<b>\$696,265</b>	<b>\$762,896</b>	<b>\$817,028</b>	<b>\$925,924</b>	<b>\$1,023,082</b>	<b>\$1,159,821</b>
General Fund	413,852	434,876	468,100	492,532	553,478	613,988	711,462	798,231	934,970
Fee Revenues	184,150	180,444	200,125	203,733	209,418	203,040	214,462	224,851	224,851

<sup>1/</sup> Reflects budgeted amounts for 2001-02 and 2002-03.

<sup>2/</sup> Includes \$14 million GF for EOP grants through 1998-99 and \$17 million beginning 1999-00.



\$9,708 at a private institution, will continue to provide support for students who are working toward a teaching credential. The Budget maintains funding for Cal Grant T awards at \$10 million.

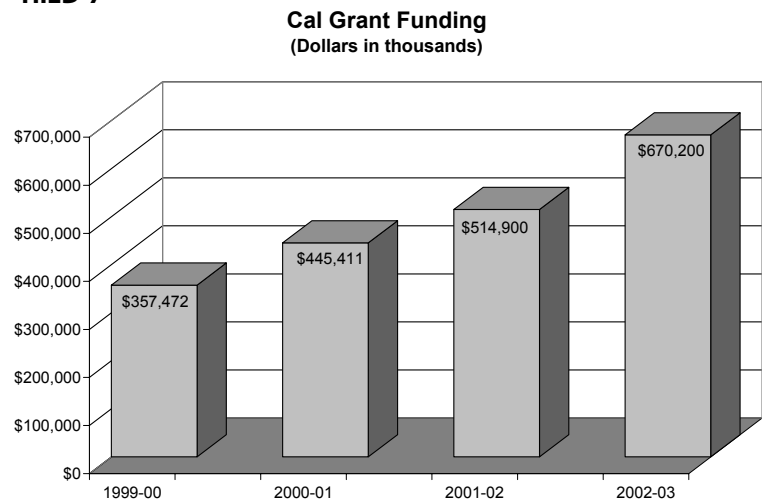
The Budget provides a total of \$694.3 million for all types of Cal Grants, an increase of \$155 million, or 28 percent, over the \$539.3 million budgeted in 2001-02.

Figure HIED-7 shows growth in Cal Grant A and B Awards in recent years.

**Assumption Program of Loans for Education (APLE)**—The APLE program assumes up to \$19,000 in student loans for up to 6,500 students each year who agree to teach in underserved schools. The Budget includes a \$10.6 million General Fund increase to provide loan repayments to students who have already entered the teaching profession.

**Eligibility for Higher Education Study**—The Budget includes \$14,000 for the California Postsecondary Education Commission (CPEC) to continue the third year of a four-year study examining the eligibility of California's high school graduates for admission to

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the State's public universities. The study will reveal the extent to which the class of 2001 is eligible for admission to the UC and to CSU, and whether actual eligibility is consistent with the guidelines set forth in California's Master Plan for Education.

**Outreach Programs**—The Budget continues \$150,000 in one-time funding for CPEC to complete preparation of a survey of state outreach programs intended to increase college attendance rates, to examine how state resources are currently allocated and the extent to which overlap exists among the outreach programs.

